

Message Text

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SUBJECT: FTC SURVEY OF STEEL INDUSTRY: DISCUSSIONS BETWEEN
FTC STAFF MEMBER TARR AND USSR STAFF PLANNING COMMITTEE
(GOSPLAN) AND MINISTRY OF FOREIGN AFFAIRS

STATE PASS FTC/TARR

REF: STATE 101833

1. SUMMARY: DAVID TARR, BUREAU OF ECONOMICS, FEDERAL TRADE COMMISSION, VISITED MOSCOW ON MAY 26 AND, ACCOMPANIED BY EMBOFF, MET WITH OFFICIALS OF USSR STATE PLANNING COMMITTEE (GOSPLAN) AND MINISTRY OF FOREIGN AFFAIRS (MFA) SECTION CONCERNED WITH UN ECONOMIC COMMISSION FOR EUROPE (ECE). ALTHOUGH, AS EXPECTED, SOVIETS DECLINED TO REVEAL DETAILED DATA AND PLANNING FOR STEEL INDUSTRY, CLAIMING SUCH INFORMATION IS CONSIDERED STATE SECRET, THERE WAS USEFUL EXCHANGE AT GOSPLAN ON DEVELOPMENTS IN STEEL TECHNOLOGY. SOVIET REMARKS AT MFA STRESSED INTEREST IN ENCOURAGING AN INCREASED US ROLE IN ECE AND INVITED AN EXCHANGE OF THOUGHTS WITH EMBASSY ON THIS SUBJECT. END SUMMARY.

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2. GOSPLAN MEETING WITH VLADIMIR V. KUZMIN, HEAD OF AMERICAS DIVISION (WHICH HE EXPLAINED INCLUDES LATIN AMERICA AND CANADA AS WELL AS US); GENRIKH B. BAZHENOV, SENIOR EXPERT IN SAME DIVISION, AND V. ALEKSENIN, FERROUS METALLURGY DIVISION. KUZMIN OPENED DISCUSSION BY STATING THAT INFORMATION SOUGHT BY TARR (SEE REFTTEL) CONSIDERED STATE SECRETS BY SOVIETS, CLAIMING THAT CLASSIFICATION MOTIVATED BY SAME REASONS WHICH IMPEL WESTERN STEEL FIRMS TO CLOSELY GUARD SIMILAR DATA AS COMMERCIAL SECRETS. REMAINDER OF DISCUSSION ON GENERAL TECHNOLOGY OF SOVIET STEEL INDUSTRY HANDLED COMPLETELY BY ALEKSENIN. ACCORDING ALEKSENIN SOVIETS INTEND TO UTILIZE CONTINUOUS CASTING PROCESS FOR 100 PERCENT OF NEW PRODUCTION, INCLUDING HEAVY STEEL SECTIONS. WITH REGARD TO FUTURE DEVELOPMENTS ALEKSENIN SAID 1976-80 FIVE YEAR PLAN AND LONG-TERM PLAN TO 1990 WOULD STRESS IMPROVEMENT IN STEEL QUALITY AND EXPANDED SELECTION OF PRODUCTS. HE ADMITTED THAT MAJOR PROBLEM FOR SOVIETS HAS BEEN STORAGE OF SPECIAL STEEL PRODUCTS NEEDED IN INDUSTRY AND CONSTRUCTION. SOVIETS ESPECIALLY INTERESED IN US DEVELOPMENTS WITH REGARD LARGE BLAST FURNACE CONSTRUCTION AND UTILIZATION OF DIRECT REDUCTION PROCESS.

3. MEETING AT MFA WITH IGOR ORNATSKY, HEAD OF UN ECONOMIC COMMISSION FOR EUROPE (ECE) SECTION, WAS LARGELY SOCIAL CALL SINCE ORNATSKY CLAIMED HAVE LITTLE KNOWLEDGE OF DEVELOPMENTS IN STEEL INDUSTRY OR TRADE. SPEAKING FROM PREPARED NOTES, ORNATSKY EMPHASIZED SOVIET INTEREST IN EXPANDED US ROLE IN ECE, SAYING SUCCESSFUL COMPLETION OF CSCE WOULD PROVIDE GROUNDWORK FOR SUCH EXPANSION. ORNATSKY AKSO CITED SOVIET INTEREST IN FURTHER EXPANSION SCIENCE AND TECHNOLOGY EXCHANGES, INCLUDING STEEL PRODUCTION AREA. IN SPITE OF EARLIER DISCLAIMER OF KNOWLEDGE REGARDING STTEEL INDUSTRY HE REFERRED TO ECE STUDY ON STEEL TECHNOLOGY AND ASKED ABOUT UTILIZATION OF SCRAP IN US FOR STEEL PRODUCTION, A TOPIC ALSO RAISED BY SOVIETS AT GOSPLAN. IN RESPONSE TO TARR COMMENT THAT US ECONOMY CREATES MORE SCRAP THAN SOVIETS, ORNATSKY REPLIED THAT PROBLEM BECOMING GRETER IN USSR EVERY YEAR. ORNATSKY INVITED EMBOFF TO RETURN FOR EXCHANGE OF THOUGHTS ON TOPICS FOR FUTURE ECE DISCUSSION, SAYING THAT SOVIETS FEEL ECE NOT "REALLY EXAMINING CENTRAL PROBLEMS."

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4. COMMENT: EMBASSY WOULD APPRECIATE RECIVING LATEST RUNDOWN ON ECE DISCUSSIONS, AS WELL AS INDICATION WHETHER DEPT FEELS USEFUL PURPOSE MIGHT BE SERVED BY EXCHANGE OF THOUGHTS WITH SOVIETS HERE. MEMCON ON TARR DISCUSSIONS FOLLOWS.

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